

December 16, 2009

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, D.C. 20054

Ex Parte Notice

**RE: A National Broadband Plan for Our Future
GN Docket No. 09-51**

**High-Cost Universal Service Support
WC Docket No. 05-337**

**Federal-State Joint Board on Universal Service
CC Docket No. 96-45**

**Developing a Unified Intercarrier Compensation Regime
CC Docket No. 01-92**

Dear Mrs. Dortch,

On December 15, 2009, Rob West, Mike Ivie, and Sarah Tyree of CoBank met with Carol Matthey, Tom Koutsky, Mukul Chawla, Don Stockdale, Elvis Stumbergs and Rebekah Goodheart. The purpose of the meeting was to discuss universal service and intercarrier compensation reform in the context of the FCC's National Broadband Plan. CoBank provided an overview of its role in financing rural communications companies and how the universal service fund and intercarrier compensation tie into our underwriting standards.

We provided an overview of CoBank and our communications portfolio. Attached is a handout which summarizes what was discussed in terms of which sectors of the communications industry we finance.

We also discussed how, over the past ten years, CoBank has lowered our rural local exchange carriers' access to capital by approximately 30-40% due to the uncertainty about the sustainability of current cost recovery mechanisms. If this uncertainty continues, or if regulatory reform initiatives ultimately impair the ability of our customers to recover their historical and future costs of providing services, we expect to continue to lower maximum allowable leverage. We believe that this may ultimately cause the quality of the telecommunications services provided to rural areas to lag behind that

provided to urban areas or lead to cost increases that will make access to advanced telecommunications services prohibitively expensive to rural subscribers.

CoBank provided examples of how we have rejected funding requests for large scale broadband projects unless the borrower was willing to modify their request to complete the project in smaller pieces, over a longer period of time in order for us to keep our debt commitments at a level commensurate with the increased chance that regulatory reform would make it impossible to recover all the costs of the investment and repay our loans pursuant to the contract terms. We believe that this could postpone the delivery of advanced telecom services to rural subscribers and is not consistent with the principles of Universal Service.

In accordance to with FCC rules, this letter is being filed electronically in the above-captioned dockets.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sarah Tyree".

Sarah Tyree
Vice President, Government Affairs

Attachment